GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:546
ANSWERED ON:26.02.2016
Collection of Tax
Choudhary Shri Ram Tahal;Laguri Smt. Sakuntala

Will the Minister of FINANCE be pleased to state:

a) whether the Government is unable to collect taxes from persons who are living abroad and working for industrial and business sector in India;

b) if so, the details thereof along with the reasons therefor;

c) whether the Government has enacted any effective law in this regards, if so, the details thereof along with the amount of revenue received as a result of these laws during the last year; and

d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) and (b) Tax liability may arise in case of persons who are living abroad and working for Indian entities, including those in industrial and business sector. This depends on factors such as nature of income, residential status of the person, whether the income has been received / accrued or arisen in India and relevant provisions in the respective tax treaty. As per the Income-tax Act, 1961, ('Act'), tax is required to be deducted (TDS) at source and paid to the Government by the payer concerned and in case of any shortfall in such deduction, the remaining tax liability is recoverable from the deductor. Further, the Act also provides that in case of failure to make TDS or its payment to the Government, the defaulter payer would not be able to make claim of such payment made without TDS from his own business/professional income. Hence there are sufficient safeguards to collect taxes from persons referred to in the question. Moreover, mechanism of assistance in tax collection is also available in some tax treaties.

(c) and (d) No such enactment required in view of above.